



**BANGKOK
LIFE**

กรุงเทพประกันชีวิต

“Management Discussion and Analysis for 3rd quarter 2021”

**STEP
TOWARDS
THE BETTER
FUTURE**



Executive Summary

Consolidated Baht, million

OPERATING RESULTS	Quarter 3/21	Quarter 3/20	Change YoY%	Quarter 2/21	Change QoQ%	9M/21	9M/20	Change YoY%
Revenues								
Net premiums written ⁽¹⁾	9,523	9,743	-2.3	7,770	22.6	26,446	25,631	3.2
First Year Premium	1,380	3,005	-54.1	1,930	-28.5	4,651	5,355	-13.1
Bancassurance	863	2,597	-66.8	1,235	-30.1	2,815	3,747	-24.9
Agent Channel	404	360	12.1	512	-21.1	1,304	1,201	8.6
Other Channel	113	49	131.6	183	-38.4	532	408	30.4
Renewal Premium	8,339	6,798	22.7	6,082	37.1	23,070	21,344	8.1
Total Investment Income ⁽²⁾	3,572	2,942	21.4	3,325	7.4	10,132	10,782	-6.0
Total Revenues	13,411	12,824	4.6	11,170	20.1	37,307	36,930	1.0
Expenses								
Underwriting expenses	11,557	11,775	-1.9	9,864	17.2	32,606	33,997	-4.1
Operating expenses	425	405	4.9	391	8.6	1,179	1,155	2.1
Expected Credit Loss	44	(9)	601.8	45	-2.3	86	211	-59.2
Total Expenses	12,025	12,171	-1.2	10,299	16.8	33,871	35,363	-4.2
Earning before tax	1,386	653	112.2	871	59.2	3,435	1,568	119.1
Net profit	1,181	583	102.4	751	57.1	2,922	1,445	102.3
Net profit (Excluded LAT Reserve)	1,181	583	102.4	751	57.1	2,922	1,445	102.3
Earnings per share (EPS)	0.69	0.34	102.9	0.44	57.1	1.71	0.85	102.5
Return on investment (ROI)	4.21%	3.54%	0.7%	3.96%	0.25%	4.03%	4.37%	-0.3%
Capital Adequacy Ratio (CAR)	299%	263%	36%	295%	4%	299%	263%	36%

⁽¹⁾ Net premiums written = first year premiums + renewal year premiums - premiums ceded ± unearned premium reserves

⁽²⁾ Total investment income = Interest income + Dividend + Profit (Loss) from Investment

- In the third quarter of 2021, Bangkok Life Assurance PCL. reported a net profit of 1,181 million Baht, representing an earning per share of 0.69 Baht, increasing 102% from the third quarter of 2020 due to an increase in investment income and a decrease in life policy reserves. During the nine-month period of 2021, the net profit was 2,922 million Baht, representing an earnings per share of 1.71 Baht, an increase of 102% YoY. The main reasons were due to an increase in renewal year premium and a decline in underwriting expenses.
- In the third quarter of 2021, the Company recorded a total revenue of 13,411 million Baht, an increase of 5%YoY. First year premium (FYP) was 1,380 million Baht, a decline of 54%YoY. The FYP decrease mainly came from bancassurance channel. Meanwhile, industry FYP grew 3%YoY, driven by Investment-Linked products and Health protection products.
- BLA's renewal Year Premium increased 23%YoY while the industry's showed a decrease of 0.1%
- The FYP by distribution channel in 3Q21 were as followed: bancassurance, agent and other channels accounted for 63%, 29% and 8%, respectively.
- The total investment income in the third quarter of 2021 was 3,572 million Baht, an increase of 21% from the same period last year. The return on investment (ROI) was 4.21%.
- Total expense in the third quarter of 2021 amounted to 12,025 million Baht, a decrease of 1% from the same period last year. The key reason was from a decline on underwriting expenses by 2% in accordance with net premium written.
- The Capital Adequacy Ratio (CAR) in the third quarter of 2021 year was at 299%.

Performance Overview

Total Premium

In the third quarter of 2021, the Company's total premium amounted to 9,719 million Baht, a decrease of 1% from the same period last year but grew by 21%QoQ. Contribution of the total premium by distribution channel were: 62%, 34% and 4%, respectively for bancassurance, agent and other channels.

During the nine-month period of 2021, the Company's total premium amounted to 27,722 million Baht, an increase of 4% YoY. Contribution of the total premium by distribution channel were: 60%, 34% and 6%, respectively for bancassurance, agent and other channels.

As a result, sales via bank branches are rather limited. Severe Covid-19 situation in the third quarter of 2021 also had impact on agency channel and resulted in FYP from agency channel decrease by 21%QoQ. However, FYP still increased by 12%YoY driven by increasing in health product and PAR product sales. For other channel, FYP increased by 132%YoY driven by growth in online channel, partnerships and group insurance.

During the nine-month period of 2021, the Company's FYP was 4,651 million Baht, a decrease of 13%YoY as a result of decrease in bancassurance channels by 25%, increase in agent channels by 9% and other channels by 30%. The contribution by distribution channel was 61%, 28% and 11% respectively for bancassurance, agent and other channel.

Figure 1: Total Premium by channels (Baht: million)

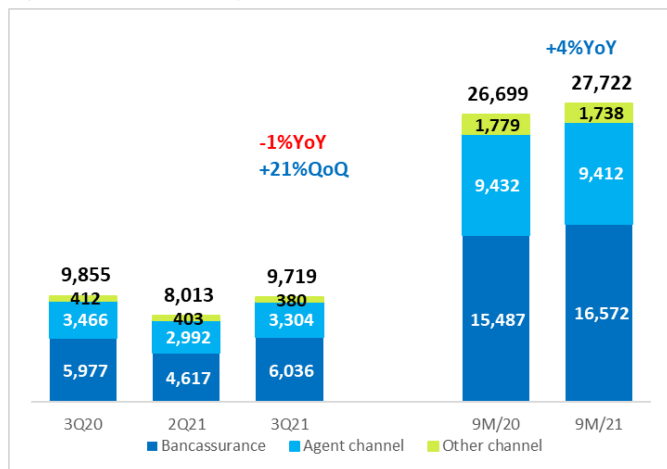
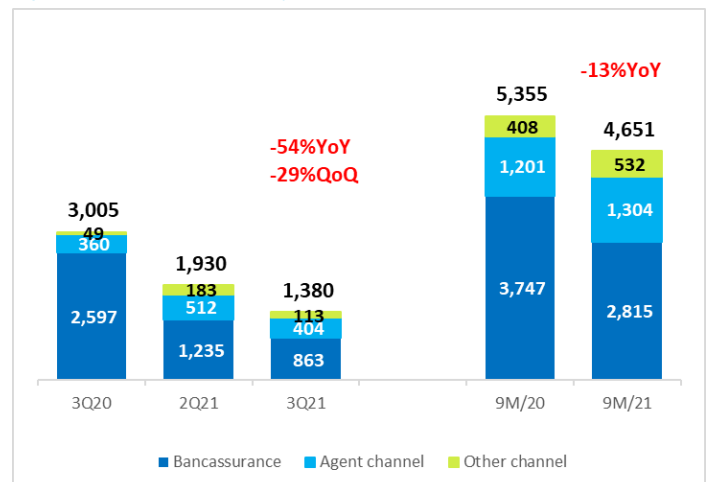


Figure 2: First Year Premium by channels (Baht: million)



First Year Premium

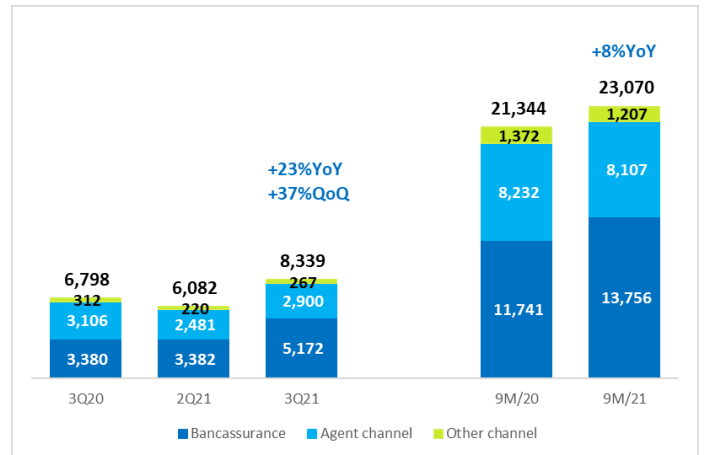
In the third quarter of 2021, the Company's FYP was 1,380 million Baht, a decrease of 54%YoY and 29%QoQ. Bancassurance channel saw FYP decreasing 67% YoY. The decrease came from high base in bancassurance channel due to tactical product launch in the third quarter of 2020. FYP decreasing 30%QoQ, due to the situation of Covid-19 that led to lockdown announcement by the government.

Renewal Year Premium

In the third quarter of 2021, the Company had a renewal year premium of 8,339 million Baht, an increase of 23%YoY and 37%QoQ. In the nine-month of 2021, the Company's RYP was 23,070 million Bath, an increase of 8% YoY.

The Company continues to expect Renewal Year Premium for 2021 to be positive. As of current, Renewal Year Premium has not been negatively impacted by the spread of Covid-19.

Figure 3: Renewal Premium by channels (Baht: million)



Investment Asset and Investment Return

In the third quarter of 2021, the Company's total investment asset was 339,541 million Baht, a decrease of 171 million Baht from the second quarter of 2021. The Company's investment proportion in fixed income was at 83%, equity at 9% and REIT at 5%.

In the third quarter of 2021, the Company's investment income ⁽³⁾ was 3,572 million Baht, an increase of 21% from the same period last year with the increase from higher dividend income and realized gain netting out against 1%YoY drop from interest. An increase of 7%QoQ from higher interest, dividend income and realized gain.

In the nine-month of 2021, the Company's investment income was 10,132 million Baht, a decline of 6% YoY. Excluding realized gain, interest and dividend income dropped 2% YoY.

In the third quarter of 2021, the return on investment (ROI) equals to 4.21%, increasing from 3.54% in the previous year, and increased from 3.96% in the previous quarter. Investment yield (including interest and dividend income) was at 3.82%, declining 1 bps YoY, however increasing 12 bps QoQ.

Table 1: Investment Assets as of 30 September 2021

Investment assets	3Q21	2Q21	Change
Short-term investment	3.1%	3.8%	-0.7%
Bond	48.9%	48.5%	0.4%
Debenture & Note	31.3%	31.0%	0.3%
Total Fixed income	83.2%	83.3%	-0.1%
Equity	8.7%	8.6%	0.1%
REIT	4.9%	5.0%	-0.1%
Loan	3.2%	3.1%	0.1%
- Policy Loans	2.5%	2.5%	0.0%
- Secured Loans	0.7%	0.6%	0.1%
Total Investment assets (MB)	339,541	339,712	-0.1%

Figure 4: Investment Income (Baht, Million)

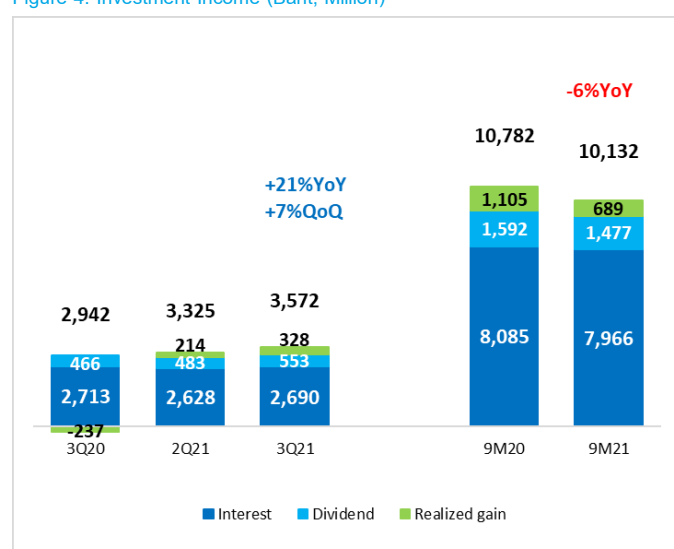
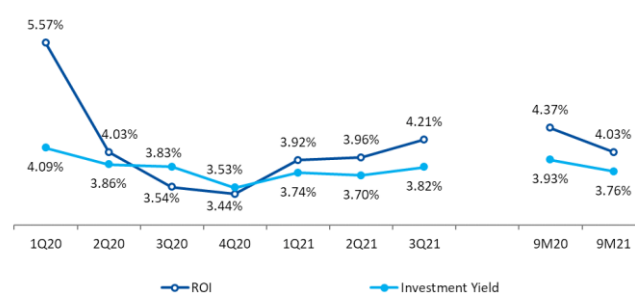


Figure 5: Return on Investment



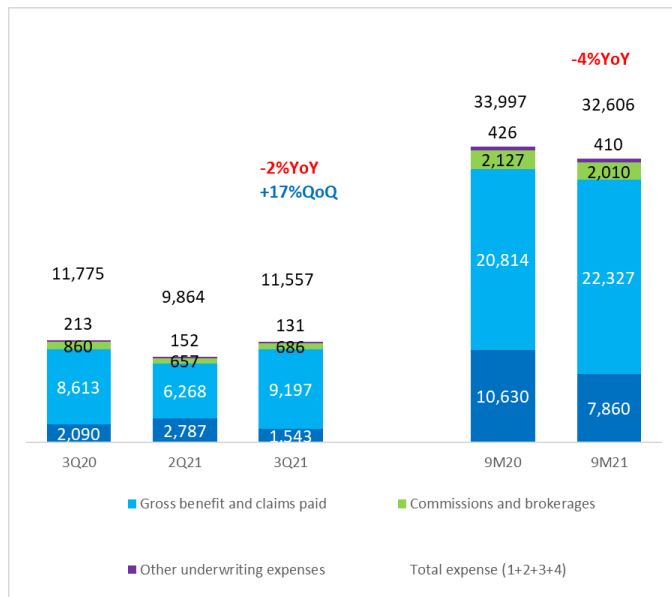
(3) Interest income + Dividend + Profit (Loss) from Investment

Underwriting Expenses and Operating Expenses

In the third quarter of 2021, the Company underwriting expenses totaled 11,557 million Baht, a decrease of 2%YoY due to 547 million Baht decreases in life policy reserves in accordance with a decrease in net premium written.

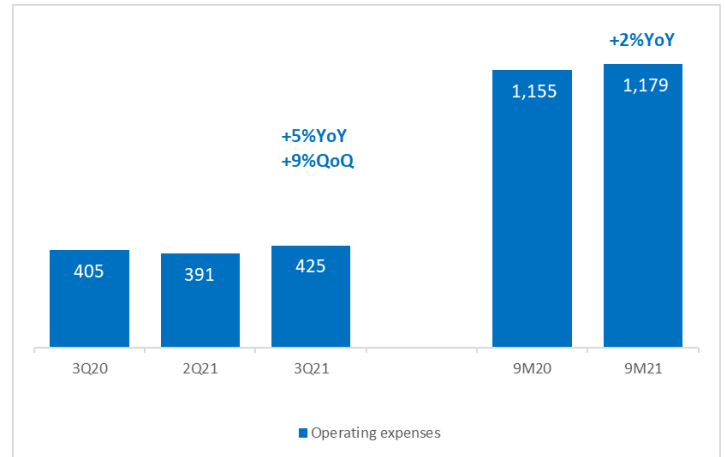
In the nine-month of 2021, the underwriting expenses was 32,606 million Baht, a decline of 4%YoY. The major reason came from the impact of Provision for Adverse Deviation (PAD) adjustment from 4% to 5% or 2,668 million Baht in the first quarter of 2020.

Figure 6: Underwriting Expenses (Baht, million)



In the third quarter of 2021, the Company had an operating expense of 425 million Baht, an increase of 5% from the same period last year. During the nine-month period of 2021, operating expense also increased by 2%. The company continues to focus on expense management.

Figure 7: Operating Expense (Baht, million)

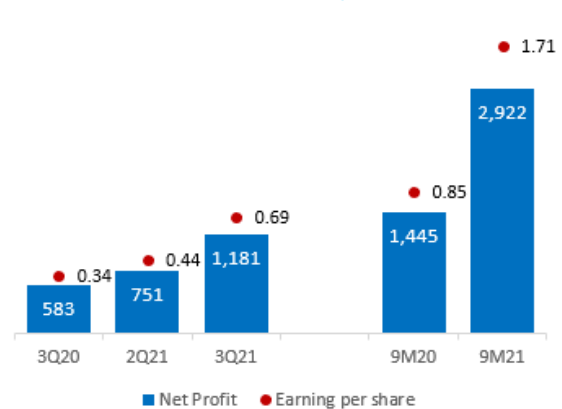


Net Profit

In the third quarter of 2021, the Company had a net profit of 1,181 million Baht or Baht 0.69 per share, an increase of 102%YoY and 57%QoQ.

In the nine-month of 2021, the company reported a net profit amounting to 2,922 million Baht or Baht 1.71 per share, an increase of 102% YoY. The mainly reason came from the impact of PAD adjustment from 4% to 5% amounting to 2,668 million Baht in the first quarter of 2020.

Figure 8: Net Profit (Baht, million) and earning per share (Baht)



Summary of Financial Position as of 30 September 2021

Condolidated Baht, million

	30 Sep 21	%	31 Dec 20	%	Change	%
Assets						
Cash and cash equivalents	9,159	3%	8,072	2%	1,086	13%
Premiums due and uncollected	2,673	0.8%	1,786	0.5%	887	50%
Accrued investment incomes	2,553	0.7%	1,647	0.5%	906	55%
Investments ⁽⁴⁾	330,558	94%	322,141	95%	8,418	3%
Premises and equipment	2,269	0.6%	2,188	0.6%	81	4%
Other assets	2,845	0.8%	3,944	1%	(1,099)	-28%
Total Assets	350,057	100%	339,778	100%	10,279	3%
Liabilities and equity						
Life policy reserves	290,267	83%	282,407	83%	7,860	3%
Other insurance contract liabilities	8,353	2%	8,921	3%	(568)	-6%
Other liabilities	3,996	1%	2,351	0.7%	1,644	70%
Total liabilities	302,615	86%	293,680	86%	8,936	3%
Retained earnings	34,258	10%	31,729	9%	2,529	8%
Unrealized gain on investment	8,064	2%	9,092	3%	(1,028)	-11%
Non-controlling interests of the subsidiaries	0.3	0.0%	0.2	0.0%	0	16%
Total equity	47,442	14%	46,098	14%	1,343	3%
Total liabilities and equity	350,057	100%	339,778	100%	10,279	3%
Book value/Share	27.78		27.00			

(4) Excluded short-term investment which was included in Cash and cash equivalents item

Assets

Total assets as of 30 September 2021 increased from 31 December 2020 by 3% or 10,279 million Baht. The majority of the company's assets was investment asset, which accounted for 94% of total assets and accounted for 114% of life reserve policy.

Liabilities and Equity

Total liabilities as of 30 September 2021 increased 3% from 31 December 2020. The increase mostly came from the increase in life policy reserves and other liabilities.

The total equity as of 30 September 2021 was 47,442 million Baht, an increase of 1,343 million Baht or 3% from 31 December 2020. The increase came from net profit of 2,922 million Baht, dividend paid of 392 million Baht and unrealized loss from financial instruments of 1,186 million Baht. Book value per share (BV/share) was at 27.78 Baht per share.

Capital Adequacy and Risk-Based Capital (RBC)

In the third quarter of 2021, the Company's Capital Adequacy Ratio ("CAR") was at 299%, an increase from 295% at the second quarter of 2021 due to the company's profit in the third quarter of 2021 and movement of the yield curve.

Financial Ratios

Financial ratio	Quarter		9 Months	
	3Q21	3Q20	9M/21	9M/20
NI / Total income	8.8%	4.5%	7.8%	3.9%
NI / Net premium	12.5%	6.1%	11.0%	5.6%
Life policy reserve / Net premium	16.3%	21.9%	29.5%	41.5%
Underwriting expenses / Net premium	122.0%	123.2%	122.4%	132.7%
Operating expenses / Net premium	4.5%	4.2%	4.4%	4.5%
Investment assets / Total asset	94.4%	94.1%	94.4%	94.1%
Investment assets / Life policy reserve	113.9%	111.9%	113.9%	111.9%
Return on investment (ROI)	4.21%	3.54%	4.03%	4.37%
NI / Average equity	9.9%	5.4%	25.0%	13.3%
NI / Average assets	1.4%	0.7%	3.4%	1.7%
CAR ratio	299%	263%	299%	263%

Industry Overview

During the nine-month period of 2021, life insurance industry reported a new business premium amounting to Baht 123,090 million Baht, an increase of 7% YoY. However, when considering the ordinary FYP without single premium, it declined by 10%. Meanwhile, Renewal year premium and total premium compared to the same period last year increase by 0.4% and 2%, respectively.

For new business premiums by distribution channels during nine months of 2021, Agent channel increased by 5% YoY, which accounted for 30% of total FYP. The proportion slightly decreased from the same period last year.

Bancassurance channel FYP increased by 10% YoY, which accounted for 57% of total FYP. This proportion increased from the same period last year. Other channel and direct marketing FYP quite stable compared to the same period last year.

Compared between the third quarter and the second quarter of 2021, FYP declined by 2%QoQ, as a resulted of a decline of single premium 5%QoQ due to a contract in FYP of group insurance product and saving product (single premium). This offset by an increase by 1% of first-year premiums excluding single premium, thanked to growth in Unit-Linked and Health protection sales.

Figure 9: Life Insurance Industry Premiums

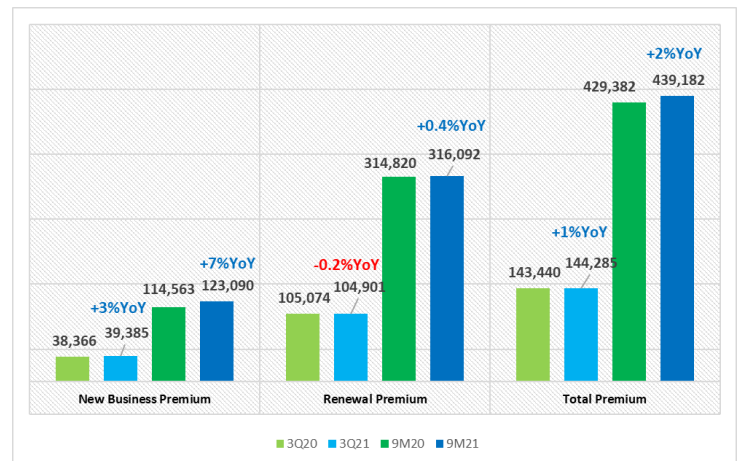


Figure 10: Industry New Business Premiums by products

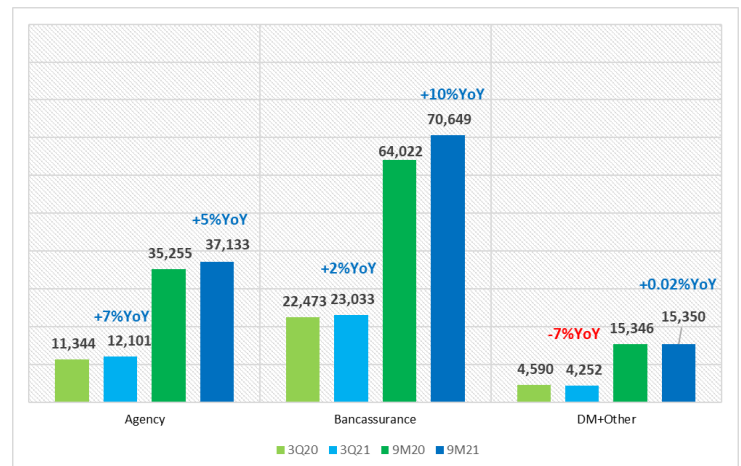


Figure 11: Industry New Business Premium by Channels

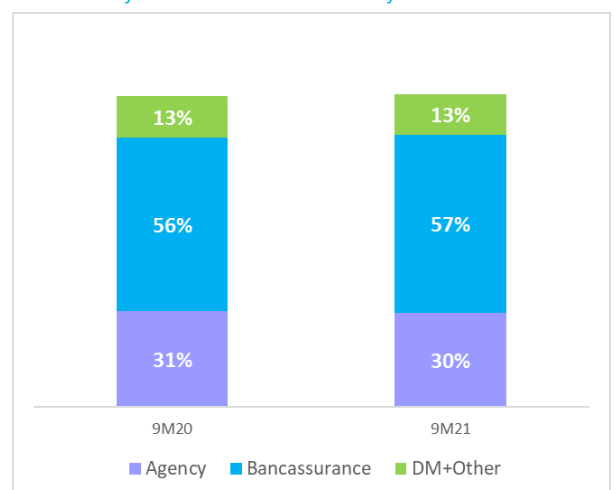


Table 2: Life Insurance Premiums market share (%)

Unit Million Baht

Rank	Company	New Business Premium	Renewal Premium	Total Premium	Market Share (New Business)	Market Share (Total premium)
1	AIA	27,502	80,846	108,348	22.34%	24.67%
2	FWD	18,962	43,741	62,703	15.40%	14.28%
3	TLI	10,847	49,737	60,584	8.81%	13.79%
4	MTL	18,293	35,689	53,982	14.86%	12.29%
5	KTAL	9,257	26,922	36,179	7.52%	8.24%
6	BLA	4,652	23,070	27,722	3.78%	6.31%
7	AZAY	4,696	18,105	22,801	3.81%	5.19%
8	PLT	7,651	11,416	19,067	6.21%	4.34%
9	OLIC	1,885	8,686	10,571	1.53%	2.41%
10	SELIC	6,622	1,904	8,526	5.38%	1.94%

Source: The Thai Life Assurance Association